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COASTAL ENERGY IMPACT PROGRAM

Engineering and Construction Guidelines for Applicants

[3510–12]

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

OFFICE OF COASTAL ZONE MANAGEMENT (OCZM)

Engineering and Construction Guidelines for Coastal Energy Impact Program Applicants

SUMMARY: These engineering and construction guidelines describe procedures for grant loan applicants to follow during all phases of any construction projects to be funded by the Coastal Energy Impact Program (CEIP) as contained in section 308 of the Coastal Zone Management Act.

EFFECTIVE DATE: January 1, 1978.

FOR FURTHER INFORMATION CONTACT:

Barton P. Chambers, Chief Review Engineer, Federal Progams Division, Office of Coastal Zone Management, 202–254–8000.

I. Introduction

The following guidelines pertain to those activities involving preliminary planning, design, and construction, for all CEIP funded projects, whether funded by grant, load guaranteed bonds, or any combination thereof. For purposes of these guidelines, the term "Grantee" will be used to denote any recipient of CEIP funds, regardless of the manner in which such funds are provided. These guidelines should be of use to Grantees as they prepare to go forward with the work to complete the planning, design, engineering, bidding, and construction of projects. These guidelines are based on the requirements of section 308 of the Coastal Zone Management Act of 1972, as amended, Office of Management and Budget (OMB) Circulars A–95 and A–102, Federal Management Circular (FMC) 74–4 and Treasury Circular 1075. Copies of FMC 74–4 and OMB Circular A–102 and Treasury Circular 1075 are available from the Government Printing Office.

II. Architect/Engineer (A/E)

A. For the purposes of this document, Architect/Engineer (A/E) will be used interchangeably to designate a Registered Professional Architect, Engineer, Architect/Engineer and/or Engineer/Architect, whether an individual or a firm.

B. *Architect/Engineer Compensation.* 1. Compensation for A/E services must be:

a. Based on a method other than "cost - plus - a - percentage - of - construction-cost" (such as "firm fixed fee");

b. Reasonable and comparable to compensation awarded for similar A/E services in the geographic area of the project; and

c. Allowable under pertinent state or local procurement regulations.

2. Planning and design services. Planning and design services performed prior to approval of the Application by NOAA are eligible for reimbursement from CEIP funds only when specifically provided for in the loan/grant agreement.

3. Where additional architectural and engineering or related planning is required to complete existing plans, specifications, cost estimates, bidding documents, or other items needed to permit bidding and construction after receipt of the Application by NOAA, the services to be provided will be covered by a written agreement to facilitate final audit.

4. If, after receipt of the Application by NOAA, the Grantee elects to have design service performed by its own in-house forces, reimbursement will be in accordance with FMC 74–4.

III. Preliminary Planning

A. *Policy.* It is OCZM policy that the cost estimates and feasibility of projects funded by the CEIP be based on documented engineering studies rather than undocumented approximations. Toward this end, and to permit earlier initiation of construction, it is OCZM policy that all prospective projects be described in a standard manner described herein as a Preliminary Engineering Report (PER).

B. *Exceptions to Policy.* In certain instances, depending on the apparent magnitude and priority of the project, final design including immediate preparation of construction drawings and specifications and final cost estimates in lieu of preliminary engineering, may be warranted. In such cases, a formal Preliminary Engineering Report (PER) may be superfluous, but the general procedures outlined herein should be followed for accumulation of data and documentation of feasibility. Exceptions to the policy requirement for preparation of a PER will be granted on an individual basis and Grantees are cautioned not to assume that exceptions to policy will be granted automatically.

IV. The Preliminary Engineering Report

A. *Objectives and Scope.* Preliminary design and the resultant Preliminary Engineering Reports have a threefold objective: First, through judicious use of facility planning and design funds, to develop at an early date in the budgetary cycle a project which embodies the most economical and sound engineering method of fulfilling a functional requirement; second, to provide data, including cost estimates to support applications for CEIP funds; and third, to be the basis for preparation of final designs and detailed specifications.

B. *The Report in General.* The Report should be the product of engineering studies and investigations utilized in determining the best engineering solution that will satisfy the project requirement. Such studies and investigations should form the first increment of and basis for preparation of final plans and specifications. The PER should prove in itself that the means proposed for fulfilling the requirement or prescribed scope are based on sound engineering principles, and should present the most economical method of providing the facilities required. The Report should be so prepared that it can be readily analyzed.

C. *Contents of the Report.* The body of the Report will consist of detailed development of the numbered list below. This list should cover the main features, but all information needed to make the Report complete and comprehensive should be included. For example: Site selection surveys, engineering and feasibility studies should be included when appropriate.

Section I. Requirement

This Section will be restricted to statements of operational requirement only and will not be a part of the Project Analysis discussed in Section III. The requirement will set forth the need to be met, purpose to be served, problem to be solved, or end to be achieved. It will include the basis for determining the requirement, criteria used, an inventory of existing facilities involved (if any—offsite as well as onsite—if their use is feasible) and their adaptability to the requirement; and net deficit, at present and forecast.

Section II. Project Description

This Section will describe the essential elements of the proposed facility and present a narrative description of the economic and demographic history of the grantee. Include size, growth rates, and other elements of information which describe the tax-base and its growth rate(s) (actual/anticipated) or other pertinent base information such as user base, which will establish the repayment ability of the grantee (if appropriate). As appropriate, it also should state: whether or not the item will be a new structure; an addition to or rehabilitation of an existing facility; the number of stories; type of material (concrete, wood frame, etc.); capacity (200 SFM, 2,000 KW, etc.); land required (lease or purchase and area in acres or square feet); additional outside utilities, roads, walks, addition to the central heating plant, etc., in general, the paragraph should contain a concise description of each item.

a. *Project Financing Feasibility.* The feasibility analysis differs depending on the type of project to be constructed and the type of financing requested. In general, when the proposed project is not revenue producing and therefore will require financing through general revenues of the borrower or special revenues of the grantee not directly related to the project, the feasibility analysis will be limited to an analysis of the magnitude of the proposed project in relation to the size of the grantee in comparison to other similar communities in the same geographical area. A description of this type of analysis is provided below. On the

other hand, when the project to be constructed is revenue producing or when special taxes related to the project are to be utilized to finance the project, a detailed analysis of projected revenues and operating and maintenance costs through the duration of the loan will be required. Details of this analysis are also described below.

1. Projects which are not revenue producing. Examples of projects which are not normally revenue producing include but are not limited to schools, libraries, environmental protection equipment, general government administration buildings, helath clinics, recreational buildings and equipment, highways and secondary roads, navigation aids, detention centers, police stations and equipment, and animal control buildings. For these types of projects, the feasibility analysis should take into consideration the size of the facilitiy related to the community size in comparison to similar communities in the same geographical area. For example, if a school is to be built, the feasibility analysis should include an analysis of the capacity of the school system in terms of the enrollment and number of teachers servicing the applicable population.

The analysis should state current needs (based on national or local comparisons) and a projection of needs covering the duration of the loan. If a portion of the projected growth stems directly from increased employment and population associated with energy activity, this projection should be stated separately.

ii. Projects which are revenue producing. Examples of projects which are normally revenue producing include but are not limited to bridges, docks, electric generating plants and distribution systems, natural gas distribution system, waste collection and treatment systems, water supply systems, and telephone systems.

When loans are to be made on these projects the feasibility analysis should include the number of customers. If the consumption per customer is expected to change, these figures should be based on the unit of measure of the community sold, including:

(a) Past trends in the number of customers or users.

(b) Number of customers or users presently available in the service area of the existing facility.

(c) Increased customer or user potential resulting from the project.

(d) Increased customer or user potential resulting from a reasonable expectation of population growth or economic development (if known separate figures should be shown for projection stemming from energy activity).

b. *Rate Schedules.* i. Current rate schedule. Provide a copy of the current rate schedule with an explanation as to the revenues that are produced given the current number of customers or users.

ii. Proposed rate schedule. Provide a copy of the proposed rate schedule with an explanation as to the effect of this rate schedule on current and projected revenues based on the customers projections above.

iii. Ability to adjust rate schedule. This analysis should include the ability of the borrower to increase rates if necessary to meet maintenance and operation costs and debt service requirements. This ability should be justified on what the market will bear given the acceptance of prospective customers or users and competition.

SECTION III. PROJECT ANALYSIS

This Section will be restricted to Engineering-Economic considerations and will not duplicate Section I. The Project Analysis must demonstrate that taking into consideration the use and expected life of the facility, the proposed project is the optimum solution from an engineering standpoint that will fulfill the requirement, including, in the case of unique technical facilities, the soundness of the estimated cost of any special equipment which must be designed as part of the project. Sufficient facts and figures should be given so that conditions speak for themselves and are not merely expressed opinions. The Project Analysis should also include the results of studies as to the adequacy of supporting utilities and roads, sites considered and rejected and the reasons therefore, other solutions to the problem considered and rejected and the reasons therefore, and further action recommended based on information developed in the Project Analysis. Include as applicable:

a. *Operation and Maintenance Costs.* An analysis of facility maintainability, including tradeoff studies, and operating and maintenance costs.

b. *Phased Funding.* In general, a project should fulfill a requirement without need for phased funding. Phased funding, as distinguished from partial funding, provides full funding for usable increments of a multi-year project; partial funding does not provide a usable increment. Should phased funding be recommended, the scope and cost of the total project, as well as the increment, must be shown. The effect of phased funding on final construction costs as well as on operating or maintenance costs must also be shown.

c. *Life Cycle Analysis.* A brief statement will be included to demonstrate that the type of construction selected for the proposed structure will result in an economically usable life consistent with the anticipated duration of the requirement, economic and other considerations.

d. *Design and Construction Schedule.* There will be given here the estimated number of months required for each of the following: Preparation of final design; plans and specifications, bidding and construction. If more than one construction contract is contemplated, an estimate of the time required for each major contract and the phasing thereof will be given.

e. *Real Estate.* This Section will itemize all required real estate actions necessary to the project, such as provision for: utilities, roads, railroad spurs, waterfront improvement, or land reclamation. When real estate action is required, refer to Section VI.

f. *Environmental Effects.* Here include comments pertaining to the prevention, control, and abatement of air and water pollution as prepared in accordance with "Environmental Protection Guidelines for CEIP Funded Projects". A statement will be included that the required reviews by Departments of the local and State jurisdiction have been effected. The effect, if any, of the proposed project upon public roads supporting or surrounding the installation will also be discussed.

g. *Special Studies.* Include here the results of analyses, as required.

h. *Types of Material and Systems.* The reasons will be given for choice of type of structural and architectural materials to be used, or the nature of the mechanical or electrical one. Alternate types of materials and systems considered and the reasons for their rejection should also be stated. Include here an energy consumption analysis (if applicable).

i. *Intergovernmental Coordination.* A statement will be made under Section III, Project Analysis, that all local state and Federal regulatory agencies, such as the Federal Aviation Administration for airports, the Coast Guard, or Corps of Engineers for inland waterways, etc., have been consulted and have performed all reviews necessary or agree to perform such reviews (in which event, the date by which the reviews are expected to be completed will be stated).

j. *Siting.* Siting of all projects will be in accordance with the latest applicable Master Plan for the activity. Proposed deviations will be stated and justified. In the event there is no applicable Master Plan, it will be so stated here.

k. *Relocation Assistance.* Here state either that no relocation assistance is required or state the type(s) and amount(s) required under the provisions of the Uniformed Relocation Assistance and Real Property Acquisition Policies Act of 1970.

SECTION IV. CONSTRUCTION CRITERIA

a. *Structural Design.* This Section will consist, first, of a paragraph listing wind, snow, floor loadings, etc., which were used in preparing the PER, and must include all pertinent design criteria used in the Report.

b. *Materials and Finishes.* Immediately following, will be a delineation in outline form describing without too much detail the types of material and finishes to be used in the project; for example: foundations, frame, walls, floors, roof, etc.

c. *Systems and Equipment.* This Section will include pertinent design criteria for the mechanical and electrical systems within the facility.

d. *Additional Data.* Use of the outline form here does not eliminate the need to prepare sketches as required in Section VI, and additional data required to properly estimate the cost of the project. Such supporting data need not be forwarded with the PER, but will be retained for ready reference at the office responsible for its preparation.

SECTION V. COST ESTIMATES

a. *Engineering Estimate.*—1. The cost estimates will be derived from the drawings and sketches prepared in the development of the PER, and on the basis of the construction criteria.

2. The estimates will include all labor and material costs for each item, including integral equipment which would usually be furnished by a contractor and installed as a permanent part of the project, plus a prorated share of the construction contractor's profit, overhead, taxes, insurance, social security and similar costs. The report will state that estimates are or are not based on current prices at the site. The costs shall include construction inside the five-foot line. Excavation, concrete and electrical work outside of the five-foot line will not be included here, but shown as separate items as shall all other construction features required to make a usable facility: minor buildings and structures, outside utilities, site improvement, roads, walks, drainage, etc.

3. In the estimate, a reasonable engineering breakdown will be provided covering such items as the general construction of the shell of the building, appropriate elements such as electrical and plumbing, and other elements normally found in a building of that type, for example; fire protection in a warehouse, compressed air in a shop, etc. Units of measure used for the detailed breakdown should be consistent with common engineering practice. Insofar as possible, the term "lump sum" will be avoided. However, it is not necessary to show unit costs for parts or components of package units such as boilers, air conditioning equipment or pumps. In such cases, the source and currentness of the estimate should be indicated in the Report when package units are estimated (such as a recent bid for the same item, quotation from supplier, or a price taken from a catalog).

4. All items of collateral or related equipment necessary for providing a completely usable facility under the "turn-key" concept of construction will be included separately.

b. *Budget Estimate.*—1. A budget estimate, obtained by applying a factor to the engineering estimate to cover construction contingencies, will be included. A cost-rise factor should be added to the engineering estimate to provide for anticipated rise in construction costs between the time the PER is prepared and the time the bids are received. This factor should be clearly indicated; as well as the time period it is intended to cover, and the basis used to determine the magnitude of the factor (e.g., "Engineering News-Record," March 1977). The budget estimates will be computed by the following formula:

Budget Estimate = E(1.00 + C) (1.00 + F) (1.00 + G).[1]

[1] G is the outside agency administrative cost factor (when used this factor will be explained, and the prospective outside agency identified).

E is the engineering estimate;
C is the contingency factor;
F is the cost-rise factor (when used by the estimator).

2. In determining the percentage to be applied to the engineering costs to arrive at the budget costs, careful consideration should be given to the percentage applied for contingencies. This percentage is not fixed and should be commensurate with the nature of the work involved. The percentage used must be stated.

c. *Design and Engineering Services.* An estimate of the engineering and design cost to prepare final plans and specifications will be shown as a separate item and added to the budget eestimate to establish the total project cost. Consistent with standard practice, include costs for engineering services within each item shown under construction as part of the cost of that item. If supervision and inspection or other services are contracted for separately, identify costs under applicable items, but include as part of total construction costs.

SECTION VI. APPENDICES TO THE REPORT

a. *Plot Plan.*—1. Each PER will include a copy of the General Development Plan (when such is available,) or other Plot Plans of the installation on a print reduced to convenient size. The plan should clearly indicate the location of the project. If the plan used is of such scale that the red marking will not accurately indicate the location relative to other facilities in the vicinity, a separate larger scale vicinity map of the immediate area should be provided. During the preparation of the PER, particular attention will be paid to requirements or guidelines of local planning agencies, as well as to considerations of effective land use, topography, accessibility and utility distribution. Outline and indicate on this plan any proposed land requirements, including easements.

2. The number of drawings to be included in the report will depend on the complexity and magnitude of the facility. The number of floor plans or other drawings on one sheet will likewise depend on the size and scale which will result in a reasonably clear presentation. For an item which includes a single building with connecting utilities, ordinarily the drawings need not cover more than the following:

i. On the vicinity or similar map, the extent of paving and fencing.

ii. An architectural floor plan (this may be a single-line sketch) dimensioned.

iii. Elevations and sections.

iv. Foundation plan and typical detail if special.

v. Schematic drawings showing how the architectural concept provides for special equipment and systems to be installed.

b. *Real Estate and Easement Acquisition Data.*—Every project will be analyzed to determine if it has all realty rights required to accomplish the project. If no realty is required, there should be a specific notation to this effect in Section III E. If a project involves real estate or easement acquisition, this fact must be specifically mentioned in Section III E. This is required for all items where any real estate interests are involved; for example: minor acquisitions for easements for rights-of-way. For those projects which include requirements for additional real estate or easements, an appendix will be included in the PER containing the following items:

1. A tabulation segregated by type of ownership only (for example, private, State or Public Domain), of the acreage proposed for acquisition plus easements for access and utilities, showing assessed value of land, assessed value of improvements and currently appraised values, with number of owners involved.

2. Extent of closing of streets and roads and extent of relocation of roads and utilities, including estimates of costs of such relocation as separate and apart from the land values indicated above.

3. Extent and estimated costs of additional rights required such as mineral rights, timber rights, and easements rights whether outstanding in parties other than the present owners or not, and a statement as to whether title should be taken in fee or subject to such rights.

c. *100 Year Flood Plain.* Certify that the project is or is not sited within the boundaries of the 100 Year Flood Plain.

d. *Ancillary Investigations.*—1. *Foundation Investigations and Boring Logs.* Investigation of foundation conditions required for final design will be made as part of the preliminary engineering effort. Information obtained and its analysis should be retained at the installation. When such investigations include core borings, a log of the borings and an analysis of the material encountered as pertinent to foundation design should also be retained on file. For investigations other than core borings, the method used and the analysis of results will be provided. If subsoil investigations are not considered necessary, a statement to that effect will be made, including the reasons therefore.

2. *Erosion Control Studies.* The purpose of these surveys is to determine the soil, water and geologic conditions which may affect (1) runoff and seepage of waters; (2) erosion, sloughing and sliding of soils; and (3) soil and water adjustments required to establish and maintain vegetative covers for the land. Such surveys must be made in new areas being developed where sufficient information is not available to firmly establish the character of the soils, and to form a basis for the control measures to be prescribed. Records of these surveys should be retained on file at the installation.

V. OTHER PRELIMINARY PLANNING CONSIDERATIONS

A. *Project Coordination.* 1. It is OCZM policy that, for any construction project funded entirely or in part by CEIP funds, there will be an experienced and tech-

nically qualified individual designated by the grantee to be the single (primary) point of contact between the grantee and all other parties to such project; and to serve for the duration of the project through close-out as project coordinator. For the purposes of this document, "technically qualified" shall mean:

a. Possessing a Bachelor of Science degree from an accredited university in Engineering and at least 3 years experience in construction of similar projects; or

b. Having at least 5 years experience as an Architect/Engineer's field representative; or

c. Having at least 5 years in the field management of construction projects (employed by a contractor); or

d. A combination of experience as listed above.

2. The project coordinator may be:

a. An individual already in the employ of the grantee; or

b. An individual hired especially for the project by the grantee or his A/E; or

c. An individual already in the employ of the project A/E.

3. The salary and support expenses of qualified (as described in paragraph 1 preceeding) project coordinators will be eligible project costs, reimbursable on the same basis as other eligible project costs.

4. The project coordinator will assist the Grantee in coordinating construction progress of the project. The project coordinator will have, as a minimum, the following responsibilities:

a. Maintain adequate and accurate records of all incoming and outgoing project funds.

b. Act as liaison between Grantee and the Clerk-of-the-Works or resident engineer.

c. Act as liaison between the Grantee and the Architect/Engineer.

d. Act as liaison between the Grantee and the Contractor or Contractors.

e. Report construction progress to the Grantee with copy to OCZM, at least monthly.

f. Obtain and forward to OCZM all certifications required.

g. Act as Grantee's agent in fulfilling reporting requirements placed on Grantees in OMB Circular A–102, Attachments H and I. The performance report will be due quarterly.

5. If the Grantee chooses to use the Project Coordinator as a comptroller authorized to disburse project funds for the Grantee, then the Project Coordinator must be bonded in the amount normally required by fiscal agents of the Grantee.

B. *Grantee Furnished Equipment and/or Materials.*—1. The Grantee may wish to incorporate into the project equipment and/or materials which it will secure through its own efforts. It is the responsibility of the Grantee to insure that such equipment and/or materials is competitive with the local market.

2. The purchase of all such materials and supplies are at the Grantee's risk pending a determination by the project auditor as to the eligibility of the materials and supplies for NOAA financial participation.

C. *Acquisition of Land, Rights-of-Way, and Easements.* The cost of acquisition of any interest in real property is eligible for reimbursement when necessary and reasonable for the completion of projects or program.

D. *Safeguarding Project Funds.*—1. Cash depositories for project funds will be in accord with Attachment A of OMB Circular A–102.

2. Bonding of fund custodians will be in accord with Attachment B of OMB Circular A–102.

3. Project financial records will be retained and cared for as required by Attachment C of OMB Circular A–102.

4. Any program income generated by the project will be handled in accordance with Attachment E of OMB Circular A–102.

5. The Grantee's financial management system must conform to the requirements of Attachment G of OMB Circular A–102.

E. *Project Cost Limitations.* 1. The tabulation of estimated project costs approved by OCZM is the controlling budget for the project. It is the responsibility of the Grantee to keep costs within the approved estimate.

2. There is no provision in this program for funds to cover project cost overruns. The amount in the grant award is the maximum that NOAA can furnish. All costs, over and above the amount stipulated in the grant must be funded by the Grantee. For this reason it may be advantageous for the Grantee to include additive alternates in his invitation for bids.

3. If the final project cost is less than the NOAA grant, the Grantee may, with the prior approval of NOAA, add to the construction portion of the project by change order such work as will further the purposes of the CEIP. This provision may not be used for the purpose of purchasing expendable items, motor vehicles, or real property.

F. *Construction Contract Requirements.* 1. In all cases, a reasonable time must be allowed to perform the work, and the contract documents must stipulate the number of calendar days allowed for completing the work.

2. Bonding requirements placed on contractors and bidders will be in accordance with Attachment B to OMB Circular A–102.

3. Insurance requirements for Grantees and their Contractors will be in accordance with Attachment B to OMB Circular A–102.

4. Nothing herein is intended to relieve the Grantee of contractual responsibilities arising under its contracts. The Grantee is the responsible authority, without recourse to NOAA regarding the settlement and satisfaction of all contractual and administrative issues arising out of procurements entered into, in support of a grant. This includes, but is not limited to: disputes, claims, and protests of nature. Matters concerning violation of law are to be referred to such local, State, or Federal authority as may have proper jurisdiction.

5. Grantees may use their own procurement regulations which reflect applicable State and local law, rules, and regulations provided that procurements adhere to the standards set forth in Attachment O to OMB Circular A–102.

G. *Proposed Construction Contract Documents.* Where the Grantee intends to use its own contract documents, the contract documents must conform to the requirements of Attachment O of OMB Circular A–102, and to local, State, and Federal law.

H. *Updating of Plans, Specifications, and Other Proposed Contract Documents.* For a variety of reasons, potential CEIP projects now "on-the-shelf" may have to be modified and/or updated. This is permitted; however, to be eligible for NOAA financial participation, a PER (see Section II of these guidelines for instructions for preparation of the PER) is required. The cost of the preparation of the PER and the cost of the modification and/or updating must be covered by a written contract, with, and be signed by an Architect/Engineer.

I. *Advertising for Construction Contract Bids.* The advertisement for bids is required to be in accordance with applicable State and local laws and should state that the work will be subject to the Federal minimum wage rates, Equal Employment Opportunity requirements, and Executive Order 11246 as amended.

J. *The Bid Opening.* After the bid opening the Grantee will furnish the following to OCZM:

1. A statement signed by the authorized representative of the Grantee, certifying that all bids were received sealed and were opened in his/her presence.

2. Tabulation of bids, with a covering letter which clearly sets forth the name(s) of the contractor(s) to whom award is proposed; the bid(s); the alternates, where applicable, to be taken by number and amount; and the resultant total(s) of the proposed award. The tabulation will also show the designing Architect/Engineer's estimate. The tabulation must be accompanied by a certification of the Architect/Engineer as to the correctness and completeness of the tabulation. The certificate must be accompanied by a statement from the Architect/Engineer recommending award to the low bidder. If award is recommended to other than the low bidder, the reasons must be fully stated, and accompanied by certification by the Grantee that such action is legal under local and State procurement law.

3. A copy of the complete bid form of the bidder to whom the Grantee proposes to make the award.

VI. Construction

A. *Project Responsibilities.* 1. The Grantee is responsible for expeditiously prosecuting the project to completion, and for the accuracy or completeness of the design, dimension, details, proper selection of materials, and compliance with applicable building codes or ordinates. It is strongly suggested that the grantee make maximum use of the technical expertise of the A/E in fulfilling

these requirements. Therefore, the grantee will furnish to OCZM certification from the project A/E as follows:

a. Feasibility—It will be certified on the cover sheet of the PER that the project is feasible.

b. Codes, ordinances, and Federal requirements. The project A/E will certify that:

(1) The project has been or shall be designated in compliance with all applicable:

(i) Building codes, and

(ii) Local and State ordinances, and

(iii) Federal requirements (EEO, etc.).

(2) The plans and specifications have been or shall be reviewed and approved by all required Federal, State, and local reviewing authorities;

(3) The agreement with the Grantee calls for the A/E to:

(i) Provide surveillance of project construction to assure compliance with plans, specifications, and all other contract documents. Requirements for construction inspection services should be clearly defined and a limit be placed on the amount the applicant is required to pay for such services.

(ii) Supervise any required subsurface explorations to determine amounts of rock excavation or foundation conditions such as borings, soil tests, and the like, no matter whether they are performed by the Architect/Engineer or by others paid by the applicant.

(iii) Prepare and submit proposed contract change orders when applicable. There shall be no charge to the applicant when the change order is required to correct errors or omissions by the Architect/Engineer.

(iv) Submit a monthly report to the applicant and a copy of the report to OCZM covering the general progress of the job and describing any problems or factors contributing to delay.

(v) Review and approve the contractor's schedule of amounts for contract payment.

(vi) Certify partial and final payments to contractors.

(vii) Prepare Record Drawings from the "as-built" drawings, after completion of the project.

(viii) Review and approve contractor's submission of samples and shop drawings, where applicable.

(ix) Perform a prefinal inspection of the completed construction and as a result prepare a punch list of items to be corrected (if applicable).

(x) Perform a final acceptance inspection and advise the applicant whether or not to accept the work as performed by the contractor and his/her subcontractors.

(List exceptions and explain what will be done in those cases.)

c. Scope. It will be certified by the project architect that the construction plans and specifications describe the same project and scope described by the PER submitted with the application for CEIP funds for said project.

d. Performance. Grantees may follow their own procurement regulations and procedures as regards A/E certification of contractor's performance; however, it is recommended that standard practice as described in the AIA—Architects Handbook of Standard Practice, Chapter 18, regarding certification for payment, be followed. Grantees are expected to constantly monitor the performance of grant-supported projects to assure that time schedules are being met and other performance goals are being achieved. Performance reports will be submitted to OCZM quarterly. Reports will be in accordance with Attachment I of OMB Circular A–102.

2. *Inspections.*—a. OCZM will perform random construction project inspections as circumstances dictate and may perform special audits.

b. The Grantee is required to provide adequate on-site inspection and surveillance of the project. It is suggested that the grantee discharge this responsibility by including provision in the A/E contract for the A/E to provide resident inspection.

c. A final inspection will be scheduled by the Grantee when all construction has been completed, the Architect/Engineer has accomplished his final inspection, and all deficiencies have been corrected. The project must be complete and functional before the final inspection is performed.

d. OCZM must be notified at least 7 days in advance of the scheduled final inspection.

e. The Grantee will be required to furnish a final inspection report to OCZM which will contain, as a minimum, a statement signed by the Architect/Engineer that the project has been constructed in accordance with the plans and specifications; and a statement signed by the Grantee that it has accepted the project from the contractor.

3. *Notice to Proceed.* The Grantee should not issue a written Notice-to-Proceed to the prime contractor authorizing the start of construction until it has received notification from NOAA, and it has received the documents from the grantee listed in Section V. J. (The Bid Opening) of this document. One copy of the Notice-to-Proceed must be furnished to OCZM and one copy to the Architect/Engineer.

4. *Flood Insurance.* If the project is located in special flood-hazard area as designated by HUD, and the community has been declared eligible for flood insurance, the Grantee must place the policy into effect at the time of initial exposure. (See Executive Order 11988.)

5. *Construction Signs.* a. The Grantee must require the prime contractor to furnish, erect and maintain in good condition, until completion of the project a sign (or signs) at the project site identifying the project and indicating that the Government is participating in the development of the project.

b. Project signs will not be erected on public highways, or rights-of-way.

c. Location and height of signs will be coordinated with the agency responsible for highway or street safety in the area if any possibility exists for obstruction to traffic lines of sight.

B. *Simultaneous Design and Construction.* Approval of simultaneous design and construction will not normally be given for CEIP funded projects.

VII. Post Construction

A. *Payment of 10 Percent Retainage to Construction Contractor.* The final payment (normally 10 percent retainage) to the construction contractor(s) by the Grantee is usually covered in the construction contract.

B. *As-Built Drawings.* The Grantee will require the contractor to keep at least 1 set of plans marked "as-built" current and available for inspection at the job site at all times. After completion of the final inspection, the Grantee will insure that the Architect/Engineer prepares Record drawings from the "as-built" and transmits the originals of the Record Drawings to the Grantee with one copy of the transmittal only to OCZM.

C. *Warranty Inspection.* Prior to expiration of the contractor's warranty, the Grantee will make an inspection of the complete construction and determine deficiencies, if any, to be corrected by the contractor under terms of the general warranty provision of the contract. The Grantee is required to submit results of this warranty inspection and corrective action taken, if required, to OCZM.

D. *Property Management.* The Grantee's utilization and disposition of property acquired in whole or in part with NOAA funds must be in accord with Attachment N of OMB Circular A–102.

VIII. Audit Procedures

Unless otherwise advised by the Office of Audits, the Grantee will be required to arrange for an audit of the project and the submission of a report thereon in accordance with applicable provisions of the OCZM "Accounting System Survey and Audit Guide".

IX. Project Closeout

When the project construction and the project audit are complete, the Grantee/Borrower must submit the following to OCZM:

A. Final acceptance report signed by the project designer, the Project Coordinator, the project inspector and the Grantee.

B. Project completion report, including: (a) One copy of the transmittal of the "as built" drawings.

(b) All project progress reports then due or overdue.

(c) Whatever supporting evidence OCZM feels is necessary to make determinations of eligibility for reimbursement on questionable items.

T. P. Gleiter,
Assistant Administrator for Administration.

December 17, 1977.

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